

R E M A R K S

Claims **1 - 36, 41, 42, 49 - 56, 60 - 65, 72 - 77, 80 and 81** are pending
Claims **1, 36, 41-42, 49, 51- 56, 60 - 65, 72 - 74 and 81** are independent.

Claim Amendments

Independent claims **1, 36, 41, 42, 49, 51, 54, 63, 72 and 81** have been amended to recite receiving "via an electronic network".

These same claims have also been amended to make explicit what was inherent: that the indicated step / function is contingent upon various conditions being true.

Applicants reserve the right to pursue the subject matter of the claims before amendment in one or more continuing applications.

Claim Objection under 37 C.F.R. § 1.75.

Claim **78** has been canceled.

Section 101 Rejections

Claims **1, 3, 8 - 12, 13 - 21, 26 - 30, 34 - 36, 42, 49, 50, 51, 54, 63, 72, 75 and 80** stand rejected as being non-statutory.

The Examiner's legal standard is incorrect, and moreover would have been raised earlier in prosecution were it actually the proper standard.

Nevertheless, the amended claims recite "an electronic network", and therefore the rejection on this standard is rendered moot.

Section 103 Rejections

All claims stand rejected as obvious in light of **Katz** (U.S. Patent No. 6,055,513) in combination with **Spoor** (Cellular Business, Feb. 1994, Vol. 11, No. 2, page 2).

Applicants respectfully traverse the Examiner's Section 103 rejection. There has been no *prima facie* showing that the claims are obvious.

Claim Limitations Ignored

Claims **1, 36, 41-42, 49, 51- 56, 60 - 65, 72 - 74 and 81** are independent. The independent claims include the following limitations respectively:

Claims 1, 51 - 53:

charging, during the transaction, the customer a second price for the at least one item only if the offer is accepted, the second price being less than the total price.

Claims 36, 54 - 56:

charging, during the transaction, the customer a second price for the at least one item only if the response indicates that the offer is accepted, the second price being less than the total price.

Claims 41, 42, 60 - 65:

charging a second price to the credit card account only if the response indicates that the offer is accepted, the second price being less than the total price.

Claims 49, 72 - 74:

providing, during the transaction, the at least one item to the customer for free only if the response indicates acceptance of the offer.

Claim 81:

selling, during the transaction, the item for a second price only if the response indicates that the offer is accepted,
in which the second price is less than the price of the item.

Thus, in general the recited charging / providing for free / selling is contingent upon the offer being accepted or the response indicating that the offer is accepted.

The Examiner fails to adequately address this limitation.

Katz does not disclose or suggest that, for example, a lesser price is charged only if the customer accepts an offer. The portions of Katz cited by the Examiner merely involve billing.

Spoor likewise does not disclose or suggest that, for example, a lesser price is charged only if the customer accepts an offer. Spoor in fact discloses the opposite - the industry wide practice that the discounted cellular telephone was always sold as a package with a service plan. According to this practice, a customer could not, for example, purchase a cellular phone without any service plan.

Thus, in Spoor there is no "offer" which can be "accepted". In addition, in Spoor a lesser price is not charged **only if** an offer is accepted. On the contrary, the "lesser" price is always charged - there is no way that a merchant charges a higher price for the product.

Since these claim limitations have been ignored, a *prima facie* case of unpatentability has not been made.

No Motivation to Combine

The following motivation to combine Katz and Spoor has been proposed:

"It would have been obvious to one skilled in the art at the time the invention was made to add Spoor teaching of a subsidized item to Katz's upsell method to achieve sales for the second vendor because "it is always easy to take a chance on something free" (Spoor, page 1) "when the customer has already manifested a desire or interest to purchase." (Katz, col.8 lines 22-26) and *"the system may utilize prior purchases as a factor in determining the upsell for offer. Prior purchases may indicate areas of interest, suggesting the offer of further goods within that general area of interest"* (Katz, col. 8 lines 22-26)."

Office Action, page 8.

This "motivation" is a melding of two disparate portions of Katz and Spoor. No portion of either reference suggests the desirability of combining it with the other reference. In fact, no reference of record suggest the desirability of combining and modifying Katz and Spoor in the manner proposed.

Accordingly, on its face the motivation is an impermissible hindsight reconstruction based on the Applicant's disclosure.

The other various motivations [provided for combining other references are merely allegations that the combinations and modifications would have been beneficial. However, a motivation to modify / combine only exists where the prior art teaches such a benefit. No evidence has been provided that the prior art would in any way recognize the desirability of the proposed modifications and combinations.

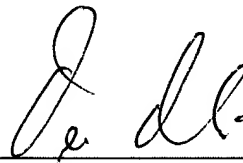
Conclusion

For the foregoing reasons it is submitted that all of the claims are now in condition for allowance and the Examiner's early re-examination and reconsideration are respectfully requested.

Alternatively, if there remains any question regarding the present application or any of the cited references, or if the Examiner has any further suggestions for expediting allowance of the present application, the Examiner is cordially requested to contact Dean Alderucci at telephone number 203-461-7337 or via electronic mail at Alderucci@WalkerDigital.com.

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